



**MINUTES FROM THE MEETING OF THE
PLANS MANAGEMENT BOARD
SEPTEMBER 4, 2019**

A meeting of the Plans Management Board (the “Board”) was held on September 4, 2019, 10:00 a.m., in the Buck Library at the Buena Vista Conference Center, located at 661 S. Dupont Highway, New Castle, Delaware.

Board Members Represented or in Attendance:

Mr. Gerald Gallagher, Member-at-Large
Mr. Charles Longfellow, Associate Secretary for Operations Support, Department of Education (on behalf of Ms. Susan Bunting, Secretary of Education)
Mr. Robert Scoglietti, Chief of Policy, Office of Management and Budget (on behalf of Mr. Michael Jackson, Director)
Mr. Richard Geisenberger, Secretary of Finance
The Honorable Trinidad Navarro, Insurance Commissioner
The Honorable Colleen C. Davis, State Treasurer
Mr. Ralph Cetrulo, Audit and Governance Committee Chair
Mr. Alan Colberg, Investment Committee Chair

Board Members Not Represented or in Attendance:

Ms. Donna Vieira, Member-at-Large

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice
Ms. Liza Davis, Deputy State Treasurer, Office of the State Treasurer (“OST”)
Mr. John Meyer, Director of Contributions and Plans Management, OST
Ms. Christine Haas, Director of Communications, OST
Mr. Dan Kimmel, Promotion and Outreach Manager, OST
Mr. Mike Green, Investments and Operations Manager, OST
Ms. Deborah Bradl, Policy Analyst, OST
Mr. Earle Allen, Partner, Cammack Retirement Group (“Cammack”)
Ms. Marie Villeneuve, Consultant, Cammack
Ms. Melissa Ridolfi, Vice President of Retirement and College Products, Fidelity Investments (“Fidelity”)
Mr. Roger Morrisette, Director- Retirement and College Leadership, Fidelity
Ms. Kellie Desrosiers, Vice President – Strategic Relationship Management, Voya
Ms. Sarala Katta, Regional Vice President-Mid-Atlantic Region, Voya
Ms. Juliette Murawski, Delaware Department of Education

CALLED TO ORDER

The meeting was called to order at 10:00 a.m.

APPROVAL OF MINUTES

Mr. Colberg abstained from voting on the minutes, citing his absence from the last meeting. The Board discussed adding clarification language regarding marketing expenses and potential legislation.

A MOTION was made by Mr. Scoglietti and seconded by Commissioner Navarro to approve the minutes (with changes) from the Board meeting on June 4, 2019.

MOTION ADOPTED UNANIMOUSLY

Mr. Geisenberger entered the meeting.

PRESENTATIONS

Deferred Compensation Plans – Voya Financial

Ms. Katta reviewed Q2 2019 business result performance, plan information, and the communications strategy for the rest of 2019. Ms. Katta also reviewed enrollment activity and noted a 13 percent year-to-date growth in enrollments versus 2018. Ms. Katta explained that the strategy of email blasts promoting one-on-one appointments with Voya advisors has resulted in a 44 percent increase in appointment request compared to the prior year. Ms. Katta briefed the Board on the status of efforts to attract outside retirement assets and noted that there was a 35 percent increase in the number of consolidations versus the same period in 2018.

College Investment Plan – Fidelity

Mr. Morrisette discussed the business results for the 529 plan. Mr. Morrisette noted that new accounts for the plan were up 2 percent in Q2 compared to the same period of 2018. The increase outpaced the industry for the same period. Mr. Morrisette stated that 43 percent of new accounts opened were for children under 5 years of age. He also indicated that plan assets increased 3.5 percent from Q1 to Q2. Mr. Morrisette stated that 23 percent of the assets within the plan are held for individuals who are either approaching 18 or are older than 18. In Q2 total contributions were up 11 percent, outpacing the industry over the same time period. New account contributions were up 54 percent for the quarter, significantly outpacing the industry. Overall assets under management were up 3.5 percent to \$686 million dollars, compared to the industry increase of 4.6 percent during the same period.

Mr. Morrisette provided a summary of the marketing update for the 529 plan. In mid-May a new test was launched with Pinterest. Fidelity will be testing efforts on Pandora in August.

DISCUSSIONS

Delaware Scholarship Programs - Delaware Department of Education

Ms. Murawski presented an overview of available Delaware scholarship programs. She reviewed scholarship types, scholarship criteria, coverage and challenges with administering scholarships. Ms. Murawski also presented information on average cost by income level and average debt per graduate for both University of Delaware and Delaware State University.

College Scholarship and Incentive Program Options - OST

Mr. Kimmel updated the Board on the current environment regarding 529 accounts for the Delaware plan. Since 2013, new accounts have increased by 33 percent. Delaware residents have opened 67

percent of the new accounts. Mr. Kimmel presented the national landscape of states offering scholarships or incentive programs to help promote a 529 plan. Mr. Kimmel provided an overview of potential scholarship program and incentive options for the Board to consider for Delaware. Mr. Kimmel outlined the possible funding mechanics of a scholarship or incentive program.

The Board discussed options and requested that additional information be researched on creating an incentive program, regardless of the beneficiary's age at time of account opening, for Delaware residents in the plan.

COMMITTEE REPORTS

Mr. Meyer introduced the recommendations from Audit & Governance ("AGC") and Investment Committees ("IC").

Audit Reports –2018 Audit Reports for the 457(b), 401(a) and 529 Plans

Mr. Meyer addressed the Board regarding the final audit reports and financial statements for the 2018 457(b) and 401(a) plans, as well as the 2018 college investment plan audit. Mr. Meyer noted that the AGC received a presentation from audit firm Belfint, Lyons & Shuman at the August AGC meeting, and that the AGC, by unanimous vote, recommended acceptance of the reports and financial statements.

A MOTION was made by Mr. Colberg and seconded by Mr. Cetrulo to accept the financial statements for the 2018 457(b) and 401(a) plan audits and the 2018 College Investment Plan audit. MOTION ADOPTED UNANIMOUSLY

Policy Approval for Governance Manual - Indemnification and Reimbursement Policies

Mr. Meyer stated that the AGC had reviewed and recommended approval and acceptance of Board reimbursement and indemnification policies.

A MOTION was made by Mr. Colberg and seconded by Mr. Scoglietti to accept the Indemnification Policy and the Reimbursement Policy to be incorporated into the Board's Governance Manual. MOTION ADOPTED UNANIMOUSLY

403(b) Plan Amendment - Remove Six-month Suspension Contribution Provision

Mr. Cetrulo informed the Board that the IRS had issued regulations requiring all 401(k) and 403(b) plans to eliminate the six-month suspension for contributions due to hardship withdrawals by January 2020. He further stated that OST had instructed Voya to remove the suspension in January of 2019 upon receiving the notice of the IRS policy change. Mr. Cetrulo noted that an amendment is required to remove the six-month contribution suspension from the plan document.

A MOTION was made by Mr. Cetrulo and seconded by Mr. Scoglietti to approve a 403(b) Plan Amendment removing the six-month contribution suspension provision. MOTION ADOPTED UNANIMOUSLY

Designation of Signing Authority

Mr. Meyer discussed with the Board the issue of not having a Board Chair and queried whether it would make sense for the Board to delegate temporary signing authority to the State Treasurer.

**A MOTION was made by Mr. Colberg and seconded by Mr. Cetrulo to delegate signing authority to the State Treasurer in the absence of a Board Chair.
MOTION ADOPTED UNANIMOUSLY**

College Investment Plan Investment Management Agreement-Fidelity

Mr. Colberg presented an update from the IC meeting in August. Mr. Colberg presented the updated Investment Management Agreement (“IMA”) with Fidelity. The updated IMA reflects the changes approved by the Board at the June meeting.

**A MOTION was made by Mr. Cetrulo and seconded by Mr. Scoglietti to approve the revised IMA.
MOTION ADOPTED UNANIMOUSLY**

Investment Consultant Request for Proposal

Mr. Colberg discussed the need for an RFP based on the current investment consultant contract expiring soon. The IC reviewed the scope of services for the RFP and recommend that the Board direct OST to conduct an RFP for the Board’s investment consultant.

**A MOTION was made by Treasurer Davis and seconded by Mr. Scoglietti to approve the scope of services and directing OST to conduct an RFP for the Board’s investment consultant.
MOTION ADOPTED UNANIMOUSLY**

ABLE REPORT

Mr. Meyer presented the ABLE report and stated it has been posted to the Simbli meeting page. Mr. Meyer stated that there are 50 accounts with \$329,000in assets, and that June marked the one-year anniversary of the ABLE program in Delaware. Mr. Meyer noted that contract negotiations are ongoing between the ABLE Alliance and its recordkeeper, Ascensus, as that contract expires next year. OST will keep the Board apprised of any developments.

PUBLIC COMMENT

No members of the public present for comment.

NEXT MEETING

The next meeting of the Audit & Governance Committee is scheduled for November 12, 2019.

The next meeting of the Investment Committee is scheduled for November 19, 2019.

The next meeting of the Board is scheduled for December 10, 2019. Location to be determined.

ADJOURNMENT

A MOTION was made by Treasurer Davis and seconded by Mr. Scoglietti to adjourn the meeting of the Board at 12:00 p.m.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Chair for the Plans Management Board